



4510-29-P

DEPARTMENT OF LABOR

Employee Benefits Security Administration

Exemptions from Certain Prohibited Transaction Restrictions

AGENCY: Employee Benefits Security Administration, Labor.

ACTION: Grant of Individual Exemptions.

SUMMARY: This document contains exemptions issued by the Department of Labor (the Department) from certain of the prohibited transaction restrictions of the Employee Retirement Income Security Act of 1974 (ERISA or the Act) and/or the Internal Revenue Code of 1986 (the Code). This notice includes the following: 2013-10, UBS AG and Its Current and Future Affiliates and Subsidiaries, D-11506; 2013-11, Wells Fargo Bank, N.A., D-11640; 2013-12, Sears Holding Savings Plan, Sears Holdings Puerto Rico Savings Plan and the Lands' End, Inc. Retirement Plan, D-11739, D-11740, and D-11741; 2013-13, American International Group, Inc. Incentive Savings Plan, American General Agents' & Managers' Thrift Plan, and Chartis Insurance Company-Puerto Rico Capital Growth Plan, D-11767, D-11768 and D-11769.

SUPPLEMENTARY INFORMATION: A notice was published in the Federal Register of the pendency before the Department of a proposal to grant such exemption. The notice set forth a summary of facts

and representations contained in the application for exemption and referred interested persons to the application for a complete statement of the facts and representations. The application has been available for public inspection at the Department in Washington, D.C. The notice also invited interested persons to submit comments on the requested exemption to the Department. In addition the notice stated that any interested person might submit a written request that a public hearing be held (where appropriate). The applicant has represented that it has complied with the requirements of the notification to interested persons. No requests for a hearing were received by the Department. Public comments were received by the Department as described in the granted exemption.

The notice of proposed exemption was issued and the exemption is being granted solely by the Department because, effective December 31, 1978, section 102 of Reorganization Plan No. 4 of 1978, 5 U.S.C. App. 1 (1996), transferred the authority of the Secretary of the Treasury to issue exemptions of the type proposed to the Secretary of Labor.

Statutory Findings

In accordance with section 408(a) of the Act and/or section 4975(c)(2) of the Code and the procedures set forth in 29 CFR

Part 2570, Subpart B (76 FR 66637, 66644, October 27, 2011)¹ and based upon the entire record, the Department makes the following findings:

- (a) The exemption is administratively feasible;
- (b) The exemption is in the interests of the plan and its participants and beneficiaries; and
- (c) The exemption is protective of the rights of the participants and beneficiaries of the plan.

¹The Department has considered exemption applications received prior to December 27, 2011 under the exemption procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990).

UBS AG and Its Current and Future Affiliates and Subsidiaries
(collectively, UBS)

Located in New York, New York

[Prohibited Transaction Exemption 2013-10;
Exemption Application No. D-11506]

EXEMPTION

SECTION I. SALES OF AUCTION RATE SECURITIES FROM PLANS TO UBS:
UNRELATED TO A SETTLEMENT AGREEMENT

The restrictions of section 406(a)(1)(A) and (D) and section 406(b)(1) and (2) of the Act and the taxes imposed by section 4975 of the Code, by reason of section 4975(c)(1)(A), (D), and (E) of the Code, shall not apply, effective February 1, 2008, to the sale by a Plan (as defined in section V(e)) of an Auction Rate Security (as defined in section V(c)) to UBS, where such sale (an Unrelated Sale) is unrelated to, and not made in connection with, a Settlement Agreement (as defined in section V(f)), provided that the conditions set forth in Section II have been met.

SECTION II. CONDITIONS APPLICABLE TO TRANSACTIONS DESCRIBED IN SECTION I

(a) The Plan acquired the Auction Rate Security in connection with brokerage or advisory services provided by UBS;

(b) The last auction for the Auction Rate Security was unsuccessful;

(c) Except in the case of a Plan sponsored by UBS for its own employees (a UBS Plan), the Unrelated Sale is made pursuant to a written offer by UBS (the Unrelated Offer) containing all of the material terms of the Unrelated Sale, including, but not limited to, the most recent rate information for the Auction Rate Security (if reliable information is available). Either the Unrelated Offer or other materials available to the Plan provide the identity and par value of the Auction Rate Security. Notwithstanding the foregoing, in the case of a pooled fund maintained or advised by UBS, this condition shall be deemed met to the extent each Plan invested in the pooled fund (other than a UBS Plan) receives written notice regarding the Unrelated Sale, where such notice contains the material terms of the Unrelated Sale (including, but not limited to, the material terms described in the preceding sentence);

(d) The Unrelated Sale is for no consideration other than cash payment against prompt delivery of the Auction Rate Security;

(e) The sales price for the Auction Rate Security is equal to the par value of the Auction Rate Security, plus any accrued but unpaid interest or dividends;²

(f) The Plan does not waive any rights or claims in connection with the Unrelated Sale;

(g) The decision to accept the Unrelated Offer or retain the Auction Rate Security is made by a Plan fiduciary or Plan participant or beneficial owner of an individual retirement account (an IRA, as described in section V(e) below) who is independent (as defined in section V(d)) of UBS. Notwithstanding the foregoing: (1) in the case of an IRA, which is beneficially owned by an employee, officer, director or partner of UBS, or a relative of any such persons, the decision to accept the Unrelated Offer or retain the Auction Rate Security may be made by such employee, officer, director or partner; or (2) in the case of a UBS Plan or a pooled fund maintained or advised by UBS,

² This exemption does not address tax issues. The Department has been informed by the Internal Revenue Service and the Department of the Treasury that they are considering providing limited relief from the requirements of sections 72(t)(4), 401(a)(9), and 4974 of the Code with respect to retirement plans that hold Auction Rate Securities. The Department has also been informed by the Internal Revenue Service that if Auction Rate Securities are purchased from a Plan in a transaction described in sections I and III at a price that exceeds the fair market value of those securities, then the excess value would be treated as a contribution for purposes of applying applicable contribution and deduction limits under sections 219, 404, 408, and 415 of the Code.

the decision to accept the Unrelated Offer may be made by UBS after UBS has determined that such purchase is in the best interest of the UBS Plan or pooled fund;³

(h) Except in the case of a UBS Plan or a pooled fund maintained or advised by UBS, neither UBS nor any affiliate exercises investment discretion or renders investment advice within the meaning of 29 CFR 2510.3-21(c) with respect to the decision to accept the Unrelated Offer or retain the Auction Rate Security;

(i) The Plan does not pay any commissions or transaction costs with respect to the Unrelated Sale;

(j) The Unrelated Sale is not part of an arrangement, agreement or understanding designed to benefit a party in interest to the Plan;

(k) UBS and its affiliates, as applicable, maintain, or cause to be maintained, for a period of six (6) years from the date of

³ The Department notes that the Act's general standards of fiduciary conduct also would apply to the transactions described herein. In this regard, section 404 requires, among other things, that a fiduciary discharge his duties respecting a plan solely in the interest of the plan's participants and beneficiaries and in a prudent manner. Accordingly, a plan fiduciary must act prudently with respect to, among other things, the decision to sell the Auction Rate Security to UBS for the par value of the Auction Rate Security, plus any accrued but unpaid interest or dividends. The Department further emphasizes that it expects Plan fiduciaries, prior to entering into any of the proposed transactions, to fully understand the risks associated with this type of transaction following disclosure by UBS of all relevant

the Unrelated Sale, such records as are necessary to enable the persons described below in paragraph (1)(1), to determine whether the conditions of this exemption, if granted, have been met, except that-

(1) No party in interest with respect to a Plan which engages in an Unrelated Sale, other than UBS and its affiliates, as applicable, shall be subject to a civil penalty under section 502(i) of the Act or the taxes imposed by section 4975(a) and (b) of the Code, if such records are not maintained, or not available for examination, as required, below, by paragraph (1)(1); and

(2) A separate prohibited transaction shall not be considered to have occurred solely because, due to circumstances beyond the control of UBS or its affiliates, as applicable, such records are lost or destroyed prior to the end of the six-year period;

(1)(1) Except as provided below in paragraph (1)(2), and notwithstanding any provisions of subsections (a)(2) and (b) of section 504 of the Act, the records referred to above in paragraph (k) are unconditionally available at their customary location for examination during normal business hours by-

(A) Any duly authorized employee or representative of the Department, the Internal Revenue Service, or the U.S. Securities and Exchange Commission; or

(B) Any fiduciary of any Plan, including any IRA owner, that engages in a Sale, or any duly authorized employee or representative of such fiduciary; or

(C) Any employer of participants and beneficiaries and any employee organization whose members are covered by a Plan that

information.

engages in the Unrelated Sale, or any authorized employee or representative of these entities;

(2) None of the persons described above in paragraph (1) (1) (B) - (C) shall be authorized to examine trade secrets of UBS, or commercial or financial information which is privileged or confidential; and

(3) Should UBS refuse to disclose information on the basis that such information is exempt from disclosure, UBS shall, by the close of the thirtieth (30th) day following the request, provide a written notice advising that person of the reasons for the refusal and that the Department may request such information.

SECTION III. SALES OF AUCTION RATE SECURITIES FROM PLANS TO UBS: RELATED TO A SETTLEMENT AGREEMENT

The restrictions of section 406(a)(1)(A) and (D) and section 406(b)(1) and (2) of ERISA and the taxes imposed by section 4975 of the Code, by reason of section 4975(c)(1)(A), (D) and (E) of the Code, shall not apply, effective February 1, 2008, to the following transactions: (a) the acquisition by a Plan, as described in section V(e), of certain rights issued to owners of Auction Rate Securities by UBS AG (ARS Rights) in connection with a Settlement Agreement, (b) the sale of an Auction Rate Security to UBS pursuant to such ARS Rights, where such sale (a Settlement Sale) is related to, and made in connection with, a Settlement

Agreement, and (c) the sale of an Auction Rate Security to UBS where such sale is made pursuant to Section 15 of the Texas Settlement Agreement (the Section 15 Texas Settlement Sale), provided that the conditions set forth in Section IV below are met.

SECTION IV. CONDITIONS APPLICABLE TO TRANSACTIONS DESCRIBED
IN SECTION III

(a) The terms and delivery of the offer of ARS Rights (the ARS Rights Offer) are consistent with the requirements set forth in the Settlement Agreement;

(b) UBS sends notice of the ARS Rights Offer to the Plans, including an explanatory cover letter and prospectus for the ARS Rights under the Securities Act of 1933 (the Securities Act), as amended. Notwithstanding the above, notice is not required to be sent to the underlying investors in pooled funds maintained or advised by UBS (but shall be provided to the pooled funds);

(c) Under the terms of the ARS Rights Offer, over certain periods of time described below (the Exercise Periods), Eligible Customers who accept the ARS Rights Offer are entitled to put (i.e., sell), for par value (plus accrued but unpaid interest or dividends), any of their Auction Rate Securities to UBS at a time of their choosing, and UBS is entitled to call any of those Auction Rate Securities at any time, for par value (plus accrued

but unpaid interest or dividends).

(d) Eligible Customers holding ARS Rights who validly accept the ARS Rights Offer will grant to UBS the sole discretion and right to sell or otherwise dispose of, and/or enter orders in the auction process with respect to, the Eligible Customers' eligible Auction Rate Securities on their behalf until the expiration date of the related ARS Right, without prior notification, so long as the Eligible Customers receive a payment of par plus accrued but unpaid interest or dividends upon any sale or disposition;

(e) Plans pay no commissions or transaction costs in connection with the acquisition of ARS Rights;

(f) In the case of a UBS Plan or pooled fund advised by UBS, the decision to accept the ARS Rights Offer and any subsequent decision to put Auction Rate Securities to UBS or, under the Texas Settlement, sell the Auction Rate Securities to UBS, may be made by UBS after UBS has determined that such transaction is in the best interest of the UBS Plan or pooled fund.

(g) In the case of an IRA owned by an employee, officer, director or partner of UBS or a relative of any such persons, the IRA owner makes an independent determination whether to accept the ARS Rights Offer and any subsequent decision to put Auction Rate Securities to UBS or, under the

Texas Settlement, sell the Auction Rate Securities to UBS;

(h) In the case of Plans not described in paragraph IV(f) or IV(g) above, a person independent of UBS makes the determination whether to accept the ARS Rights Offer and any subsequent decision to put Auction Rate Securities to UBS during the applicable Exercise Period or, under the Texas Settlement, sell the Auction Rate Securities to UBS, except with respect to permitted calls under the ARS Rights, consistent with a registration statement under the Securities Act, as amended;

(i) The ARS Rights Offer, or other documents available to the Plan, specifically describe, among other things:

(1) How a Plan may determine: the Auction Rate Securities held by the Plan with UBS, the purchase dates for the Auction Rate Securities, and (if reliable information is available) the most recent rate information for the Auction Rate Securities;

(2) The number of shares and par value of the Auction Rate Securities available for purchase under the ARS Rights Offer;

(3) The background of the ARS Rights Offer;

(4) That participating in the ARS Rights Offer will not result in or constitute a waiver of any claim of the tendering Plan;

(5) The methods and timing by which Plans may accept the ARS Rights Offer;

(6) The purchase dates, or the manner of determining the purchase dates, for Auction Rate Securities tendered pursuant to the ARS Rights Offer;

(7) The timing for acceptance by UBS of tendered Auction Rate Securities;

(8) The timing of payment for Auction Rate Securities accepted by UBS for payment;

(9) The expiration date of the ARS Rights Offer;

(10) The fact that UBS may make purchases of Auction Rate Securities outside of the ARS Rights Offer and may otherwise buy, sell, hold or seek to restructure, redeem or otherwise dispose of the Auction Rate Securities;

(11) A description of the risk factors relating to the ARS Rights Offer as UBS deems appropriate;

(12) How to obtain additional information concerning the ARS Rights Offer; and

(13) The manner in which information concerning material amendments or changes to the ARS Rights Offer will be communicated to affected Plans;

(j) The terms of any Settlement Sale or Section 15 Texas Settlement Sale are consistent with the requirements set forth in the applicable Settlement Agreement and, where applicable, the terms set forth in the ARS Rights prospectus.

(k) All of the conditions in Section II have been met with

respect to the ARS Rights Offer; and

(1) All of the conditions in Section 15 of the Texas Settlement Agreement have been met with respect to any Section 15 Texas Settlement Sale.

SECTION V. DEFINITIONS

For purposes of this exemption:

(a) The term affiliate means: Any person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with such other person;

(b) The term control means: The power to exercise a controlling influence over the management or policies of a person other than an individual;

(c) The term Auction Rate Security means a security that:

(1) Is either a debt instrument (generally with a long-term nominal maturity) or preferred stock; and

(2) Has an interest rate or dividend that is reset at specific intervals through a Dutch Auction process;

(d) A person is independent of UBS if the person is:

(1) Not UBS or an affiliate; and (2) not a relative (as defined in ERISA section 3(15)) of the party engaging in the transaction;

(e) The term Plan means: an individual retirement account or similar account described in section 4975(e)(1)(B) through (F) of

the Code (an IRA); an employee benefit plan as defined in section 3(3) of ERISA; or an entity holding plan assets within the meaning of 29 CFR 2510.3-101, as modified by ERISA section 3(42); and

(f) The term Settlement Agreement means: A written legal settlement agreement involving UBS and a U.S. state or federal authority (a Settlement) that provides for the purchase of an Auction Rate Security by UBS from a Plan and/or the issuance of ARS Rights.

EFFECTIVE DATE: This exemption is effective as of February 1, 2008.

For a more complete statement of the facts and representations supporting the Department's decision to grant this exemption, refer to the notice of proposed exemption published on July 22, 2013, at 78 FR 43930.

WRITTEN COMMENTS

During the comment period, the Department received one written comment (the Comment) from UBS with respect to the notice of proposed exemption (the Proposed Exemption) and no requests for a public hearing. The Comment is intended to clarify certain

requirements in sections III and IV of the Proposed Exemption. UBS's Comment and the Department's responses are described below.

1. Section III Requirement that the Conditions in Section IV Be Met. UBS believes that the proviso at the end of Section III(c) of the Proposed Exemption (on page 43932), which reads, "provided that the conditions set forth in Section IV below are met," may be understood in that context to require that the conditions of Section IV apply only to the transactions described in Section III(c), rather than to each of the three types of transactions described in Section III. Therefore, in order to clarify that all transactions described in Section III must meet the conditions set forth in Section IV in order to be covered by the Proposed Exemption, UBS requests: (i) that certain language in Section III, which reads, "If the proposed exemption is granted, the restrictions of section 406(a)(1)(A) and (D) and section 406(b)(1) and (2) of ERISA and the taxes imposed by section 4975 of the Code, by reason of section 4975(c)(1)(A), (D) and (E) of the Code, shall not apply, effective February 1, 2008, to the following transactions" be revised to read, "If the proposed exemption is granted, the restrictions of section 406(a)(1)(A) and (D) and section 406(b)(1) and (2) of ERISA and the taxes imposed by section 4975 of the Code, by reason of section 4975(c)(1)(A), (D) and (E) of the Code, shall not apply,

effective February 1, 2008, to the transactions described herein if the conditions set forth in Section IV are met" and (ii) that the aforementioned proviso in Section III(c) be removed.

In response to this comment, the Department has made the requested revisions in order to clarify that the conditions of Section IV apply to all of the transactions described in Section III.

2. Notice Requirement in Section IV(b). UBS reads the condition in Section IV(b) of the Proposed Exemption, as currently written, to require that notice of the ARS Rights Offer be sent to all Plans as defined in Section V of the Proposed Exemption. As the provision relates to ARS Rights under particular Settlement Agreements, UBS suggests that it would be more accurate to require that the notice be sent to all plans as required by the applicable Settlement Agreements. Accordingly, UBS requests that the first sentence in Section IV(b), which reads, "UBS sends notice of the ARS Rights Offer to the Plans, including an explanatory cover letter and prospectus for the ARS Rights under the Securities Act of 1933 (the Securities Act), as amended" be revised to read, "UBS sends notice of the ARS Rights Offer to the plans identified in the applicable Settlement Agreement, including an explanatory cover letter and prospectus for the ARS Rights under the Securities Act of 1933 (the Securities Act), as amended."

In response to this comment, the Department has made the requested revision to Section IV(b) of the Proposed Exemption to clarify the meaning of this condition and to avoid any implication that notice must be sent to any plans other than those identified under the terms of the applicable Settlement Agreement.

Accordingly, after giving full consideration to the entire record, including the Comment, the Department has determined to grant the exemption as modified herein. For further information regarding the Comment and other matters discussed herein, Interested Persons are encouraged to obtain copies of the exemption application file (Exemption Application No. D-11506) the Department is maintaining in this case. The complete application file, as well as all supplemental submissions received by the Department, are made available for public inspection in the Public Disclosure Room of the Employee Benefits Security Administration, Room N-1513, U.S. Department of Labor, 200 Constitution Avenue, NW., Washington, DC 20210.

FOR FURTHER INFORMATION CONTACT: Anna Mpras Vaughan of the Department, telephone (202) 693-8565. (This is not a toll-free number.)

Wells Fargo Bank, N.A. (the Bank)

Located in Sioux Falls, South Dakota

[Prohibited Transaction Exemption 2013-11;

Exemption Application No. D-11640]

EXEMPTION

The restrictions of sections 406(a)(1)(A), 406(a)(1)(D), 406(b)(1), and 406(b)(2) of the Act and the sanctions resulting from the application of section 4975 of the Code,⁴ by reason of section 4975(c)(1)(A), (D), and (E) of the Code, shall not apply, effective September 8, 2009, to the cash sale by four employee benefit plans (the Plans), whose assets were invested in the Bank's collateral pools (the Collateral Pools), of certain interests (the Interests) in two medium-term notes (the Notes), for the aggregate purchase price (the Purchase Price) of \$375,182, to the Bank, a party in interest with respect to the Plans.

This exemption is subject to the following conditions:

- (a) The sale was a one-time transaction for cash;
- (b) Each Plan received an amount which was equal to the greater of either: (1) the current cost of its Interests in the

⁴ For purposes of this exemption, references to section 406 of the Act should be read to refer as well to the corresponding

Notes (i.e., the original purchase price less distributions received by the Plan through the purchase date); or (2) the fair market value of its Interests in the Notes, as determined by a valuation of the underlying assets performed by Stone Tower Debt Advisors LLC, an unrelated party, there being no market for the Notes at the time of sale;

(c) The Plans did not pay any commissions or other expenses in connection with the sale;

(d) The Bank, in its capacity as securities lending agent and manager of the Collateral Pools, determined that the sale of the Plans' Interests in the Notes was appropriate for and in the interests of the Plans at the time of the transaction;

(e) The Bank took all appropriate actions necessary to safeguard the interests of the Plans in connection with the transaction, given that the Plans were not eligible to participate in an exchange offer (the Exchange Offer) and the Purchase Price was substantially higher than the fair market value of the Plans' Interests in the Notes;

(f) If the exercise of any of the Bank's rights, claims or causes of action in connection with its ownership of the Notes (including the notes received in the Exchange Offer) results in the Bank recovering from Stanfield Victoria Finance Ltd., the

provisions of section 4975 of the Code.

issuer of the Notes, or any third party, an aggregate amount that is more than the sum of:

(1) The Purchase Price paid by the Bank to the Plans for the Interests in the Notes; and

(2) The interest that would have been payable on the Notes from and after the date the Bank purchased the Plans' Interests in the Notes, at the rate specified in the Notes, the Bank will refund such excess amounts promptly to the Plans (after deducting all reasonable expenses incurred in connection with the recovery);

(g) The Bank and its affiliates, as applicable, maintain, or cause to be maintained, for a period of six (6) years from the date of any covered transaction such records as are necessary to enable the persons described below in paragraph (h)(i), to determine whether the conditions of this exemption have been met, except that --

(1) No party in interest with respect to a Plan which engages in the covered transaction, other than the Bank and its affiliates, as applicable, shall be subject to a civil penalty under section 502(i) of the Act or the taxes imposed by section 4975(a) and (b) of the Code, if such records are not maintained, or not available for examination, as required, below, by paragraph (h)(i); and

(2) A separate prohibited transaction shall not be considered to have occurred solely because, due to circumstances beyond the control of the Bank or its affiliate, as applicable, such records are lost or destroyed prior to the end of the six-year period.

(h)(1) Except as provided, below, in paragraph (h)(2), and notwithstanding any provisions of subsections (a)(2) and (b) of section 504 of the Act, the records referred to, above, in paragraph (g) are unconditionally available at their customary location for examination during normal business hours by --

(A) Any duly authorized employee or representative of the Department, the Internal Revenue Service, or the Securities Exchange Commission; or

(B) Any fiduciary of any plan that engages in the covered transaction, or any duly authorized employee or representative of such fiduciary; or

(C) Any employer of participants and beneficiaries and any employee organization whose members are covered by a plan that engages in the covered transaction, or any authorized employee or representative of these entities; or

(D) Any participant or beneficiary of a plan that engages in the covered transaction, or duly authorized employee or representative of such participant or beneficiary;

(ii) None of the persons described above, in paragraph (h) (1) (B) - (D) shall be authorized to examine trade secrets of the Bank and its affiliates, as applicable, or commercial or financial information which is privileged or confidential; and

(E) Should the Bank and its affiliates, as applicable, refuse to disclose information on the basis that such information is exempt from disclosure, the Bank and its affiliates, as applicable, shall, by the close of the thirtieth (30th) day following the request, provide a written notice advising that person of the reasons for the refusal and that the Department may request such information.

EFFECTIVE DATE: This exemption is effective as of September 8, 2009.

WRITTEN COMMENTS

In the Notice of Proposed Exemption (the Notice), the Department invited all interested persons to submit written comments and/or requests for a public hearing on the proposed exemption within 35 days of the date of the publication of the Notice in the Federal Register on July 9, 2013. All comments and requests for a hearing were due by August 13, 2013.

During the comment period, the Department received no comments and no request for a hearing. Accordingly, after giving

full consideration to the entire record, the Department has decided to grant the exemption. The complete application file (Application No. D-11640), and all supplemental submissions received by the Department, are available for public inspection in the Public Disclosure Room of the Employee Benefits Security Administration, Room N-1513, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, DC 20210.

For a more complete statement of the facts and representations supporting the Department's decision to grant this exemption, refer to the notice of proposed exemption published in the Federal Register on July 9, 2013, at 78 FR 41101.

FOR FURTHER INFORMATION CONTACT: Ms. Anna Mpras Vaughan of the Department, telephone (202) 693-8565. (This is not a toll-free number.)

Sears Holdings Savings Plan (the Savings Plan),
Sears Holdings Puerto Rico Savings Plan (the PR Plan), and
The Lands' End, Inc. Retirement Plan (the Lands' End Plan)
(collectively, the Plans)
Located in Hoffman Estates, IL and Dodgeville, WI
[Prohibited Transaction Exemption 2013-12;
Exemption Application Nos. D-11739, D-11740, and D-11741]

EXEMPTION

SECTION I. TRANSACTIONS

Effective for the period beginning September 7, 2012 and
ending October 8, 2012:

(a) The restrictions of sections 406(a)(1)(A), 406(a)(1)(E),
406(a)(2), 406(b)(1), 406(b)(2), and 407(a)(1)(A) of the Act and
the sanctions resulting from the application of section 4975 of
the Code, by reason of section 4975(c)(1)(A) and 4975(c)(1)(E) of
the Code,⁵ shall not apply:

(1) To the acquisition of certain subscription
right(s) (the Right or Rights) by the Savings Plan and the Lands'
End Plan from Sears Holdings Corporation (Holdings) in connection
with an offering (the Offering) by Holdings of shares of common

⁵ For purposes of this exemption, references to specific
provisions of Title I of the Act, unless otherwise specified,

stock (SHO Stock) in Sears Hometown and Outlet Stores, Inc.

(SHO); and

(2) To the holding of the Rights by the Savings Plan and the Lands' End Plan during the subscription period of the Offering; provided that the conditions as set forth, below, in Section II of this exemption were satisfied for the duration of the acquisition and holding.

(b) The restrictions of sections 406(a)(1)(A), 406(a)(1)(E), 406(a)(2), 406(b)(1), 406(b)(2), and 407(a)(1)(A) of the Act⁶ shall not apply:

(1) To the acquisition of the Rights by the PR Plan from Holdings in connection with the Offering by Holdings of the SHO Stock; and

(2) To the holding of the Rights by the PR Plan during the subscription period of the Offering; provided that the conditions as set forth, below, in Section II of this exemption were satisfied for the duration of the acquisition and holding.

refer also to the corresponding provisions of the Code.

⁶ It is represented that the fiduciaries of the PR Plan have not made an election under section 1022(i)(2) of the Act, whereby such plan would be treated as a trust created and organized in the United States for purposes of tax qualification under section 401(a) of the Code. Further, it is represented that jurisdiction under Title II of the Act does not apply to the PR Plan. Accordingly, the Department, herein, is not providing any relief for the prohibitions, as set forth in Title II of the Act, for

SECTION II. CONDITIONS

(a) The receipt of the Rights by the Plans occurred in connection with the Offering in which all shareholders of the common stock of Holdings (Holdings Stock), including the Plans, were treated in the same manner;

(b) The acquisition of the Rights by the Plans resulted solely from an independent act of Holdings, as a corporate entity;

(c) Each shareholder of Holdings Stock, including each of the Plans, received the same proportionate number of Rights based on the number of shares of Holdings Stock held by each such shareholder;

(d) All decisions with regard to the holding and disposition of the Rights by the Plans were made by an independent qualified fiduciary (the I/F);

(e) The I/F determined that it would be in the interest of the Plans to sell all of the Rights received in the Offering by the Plans in blind transactions on the NASDAQ Capital Market; and

(f) No brokerage fees, commissions, subscription fees, or other charges: were paid by the Plans with respect to the acquisition and holding of the Rights; or were paid to any broker affiliated with the I/F, Holdings, or SHO in connection with the sale of the Rights.

EFFECTIVE DATE: This exemption is effective for the Offering period, beginning September 7, 2012 and ending October 8, 2012.

the acquisition and holding of the Rights by the PR Plan.

WRITTEN COMMENTS

In the Notice of Proposed Exemption (the Notice), the Department invited all interested persons to submit written comments and requests for a hearing within forty-five (45) days of the date of the publication of the Notice in the FEDERAL REGISTER on July 9, 2013. All comments and requests for a hearing were due initially by August 23, 2013. With the Department's permission, the comment period was extended to September 6, 2013, to allow Holdings (the Applicant) additional time to ascertain the appropriate method of providing notice to a group of employees whose addresses had previously generated return mail to the Applicant.

During the comment period, the Department received no requests for hearing. The Department did receive approximately forty-nine (49) telephone calls from interested persons, none of which raised substantive issues with respect to the transactions that are the subject of this exemption.

The only written comment received by the Department during the comment period was submitted by the Applicant. The comment letter, dated September 6, 2013, incorporated comments from the I/F, Evercore Trust Company, N.A.

In the comment letter, the Applicant requests the following clarifications/corrections to the Summary of Facts and Representations section of the Notice.

1. Scope of Participation in the Plans. In the first paragraph in Representation 1, the Applicant requests that the sentence, "Employees of Holdings and its affiliates participate in the Plans," be revised to read: "Employees of certain affiliates of Holdings participate in the Plans."

In addition, in the first paragraph of Representation 2, the Applicant requests that the sentence, "Sears, Roebuck and Co. (Sears Roebuck) and all of its wholly-owned (direct and indirect) subsidiaries (except Lands' End Inc. (Lands' End)) and Sears Holdings Management Corporation, with respect to certain employees, have adopted the Savings Plan and are employers under such plan," be revised to read: "Sears, Roebuck and Co. (Sears Roebuck) and all of its wholly-owned (direct and indirect) subsidiaries (except Lands' End Inc. (Lands' End) and Sears de Puerto Rico, Inc.), Kmart Holding Corporation and its wholly-owned (direct and indirect) subsidiaries (excluding employees residing in Puerto Rico), and Sears Holdings Management Corporation, with respect to certain employees, have adopted the Savings Plan and are employers under such plan."

2. Participants Holding Employer Stock. In the second paragraph of Representation 2, the Applicant wishes to clarify that the number of participants holding employer stock in the Savings Plan on the Record Date was 24,015, rather than 25,015. Also, the Applicant states that the number of participants listed

in Representations 2, 3, and 4 of the Notice represents the number of participants in each plan holding employer stock as of the Record Date, rather than the number of participants in each plan.

3. The PR Plan. With respect to Representation 3 of the Notice, the Applicant wishes to clarify that while the PR Plan is now sponsored and maintained by Holdings, it was originally established by Sears Roebuck, covers employees of Sears Roebuck and Kmart Corporation residing in Puerto Rico and was created by the merger of the prior Kmart Retirement Savings Plan for Puerto Rico Employees into the prior Sears Puerto Rico Savings Plan, as of March 31, 2012. In addition, the Applicant requests the following changes to Representation 3 of the Notice:

(a) In the first paragraph of Representation 3, "and Kmart Corporation," should be inserted after the phrase, "(Sears Roebuck de Puerto Rico)."

(b) In the first paragraph of Representation 3, the phrase, "and was established by the merger of the prior Kmart Corporation Retirement Savings Plan for Puerto Rico Employees with and into the prior Sears Puerto Rico Savings Plan as of March 31, 2012," should be inserted after the phrase, "Commonwealth of Puerto Rico."

(c) In the second paragraph of Representation 3, the phrase, "1.4 percent (1.4%)" should be revised to read, approximately

".033 percent (.033%)."

4. Land's End Plan. In Representation 4, the Applicant wishes to clarify that the Lands' End Plan was established by Lands' End and is sponsored and maintained by Lands' End.

5. Sears Holdings Stock Issued and Outstanding/Holdings Stock Held by PR Plan. The Applicant wishes to clarify that the figure of 106 million shares of Holdings Stock issued and outstanding, as set forth in Representations 2, 3, and 4 of the Notice, is an approximate figure, and the exact number is "106,444,571."

6. Other Clarifications. In the first paragraph of Representation 5, the Applicant wishes to clarify that the phrase, "other than the Lands' End Plan," be inserted after the word, "Plans," and that the word, "Company," be deleted, and the word, "Corporation," be substituted instead.

7. Edward S. Lampert. In Representation 6, the Applicant wishes to clarify that Mr. Lampert became the CEO of Holdings as of February 1, 2013.

8. Number of SHO Stock/SHO Business. In Representation 7, the Applicant wishes to clarify that the number of SHO stores should read "1,230," rather than "11,238." In addition, the Applicant wishes to clarify that SHO did not conduct business as a separate company and had no material assets or liabilities, prior to August 31, 2012, rather than through the date of the

Offering.

9. Depository Trust Company (DTC) Interim Trading. The Applicant wishes to clarify that in Representation 11, the DTC established an interim "trading" period, rather than an interim "tracing" period for the Rights. Further, the Applicant indicates that the report from the I/F states that this interim trading period continued through September 17, 2012, rather than September 16, 2012.

10. Net Proceeds. The Applicant wishes to clarify that the net proceeds from the sale of the Rights generated for the Savings Plan and the PR Plan, according to the report from the I/F, was \$3,490,605.16, rather than \$3,490,606.15, as set forth in the Notice.

11. SEC Fees. The Applicant wishes to clarify that the SEC fees paid by the Master Trust in connection with the sale of the Rights were \$78.63, rather than \$778.63.

The Department concurs with the Applicant's requested clarifications/corrections to the Notice. Accordingly, after full consideration and review of the entire record, including the comment filed by the Applicant, the Department has determined to grant the exemption, as set forth above. The written comment from the Applicant has been included as part of the public record of the exemption application. The complete application files (D-11739, D-11740 and D-11741) are available for public

inspection in the Public Disclosure Room of the Employee Benefits Security Administration, Room N-1513, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington DC 20210.

For a more complete statement of the facts and representations supporting the Department's decision to grant this exemption refer to the Notice published on July 9, 2013, at 78 FR 41110.

FOR FURTHER INFORMATION CONTACT: Ms. Angelena C. Le Blanc of the Department, telephone (202) 693-8551. (This is not a toll-free number.)

American International Group, Inc. Incentive Savings Plan
(the Savings Plan), American General Agents' & Managers' Thrift
Plan (the Thrift Plan), and Chartis Insurance Company—Puerto Rico
Capital Growth Plan (the Chartis Plan)
(collectively, the Plans)

Located in New York, NY and Puerto Rico

[Prohibited Transaction Exemption 2013-13;

Exemption Application Nos. D-11767, D-11768, and D-11769]

Exemption

The restrictions of sections 406(a)(1)(A), 406(a)(1)(E),
406(a)(2), 406(b)(1), 406(b)(2) and 407(a) of the Act and the
sanctions resulting from the application of section 4975 of the
Code, by reason of section 4975(c)(1)(A) and (E) of the Code,⁷
shall not apply for the ten-year period, effective January 19,
2011 through January 19, 2021, to:

(1) The acquisition by the Savings Plan and the
Thrift Plan of certain warrant rights (the Warrants) from
American International Group, Inc. (AIG), a party in interest
with respect to the Savings Plan and the Thrift Plan; and

(2) The holding of the Warrants by the Savings Plan

⁷ For purposes of this exemption, references to specific
provisions of Title I of the Act, unless otherwise specified,
refer also to the corresponding provisions of the Code.

and the Thrift Plan.

(b) The restrictions of sections 406(a)(1)(A), 406(a)(1)(E), 406(a)(2), 406(b)(1), 406(b)(2) and 407(a) of the Act⁸ shall not apply to:

(1) The acquisition by the Chartis Plan of the Warrants from AIG, a party in interest with respect to the Chartis Plan; and

(2) The holding of the Warrants by the Plans.

SECTION II. CONDITIONS

The relief provided in this exemption is conditioned upon adherence to the material facts and representations set forth in the application file, and upon compliance with the conditions, as set forth herein.

(a) All decisions regarding the acquisition and holding of the Warrants by the Plans were made by AIG;

(b) The Plans' acquisition of the Warrants resulted from an independent act of AIG as a corporate entity, and without any

⁸ It is represented that the fiduciaries of the Chartis Plan have not made an election, under section 1022(i)(2) of the Act, whereby such plan would be treated as a trust created and organized in the United States for purposes of tax qualification under section 401(a) of the Code. Further, it is represented that jurisdiction under Title II of the Act does not apply to the Chartis Plan. Accordingly, the Department, herein, is not providing any relief from the prohibitions, as set forth in Title II of the Act, in connection with the acquisition and holding of

participation on the part of the Plans;

(c) The receipt of the Warrants by the Plans occurred in connection with a recapitalization plan approved by the Board of Directors of AIG, in which all holders of AIG common stock, including the Plans, were treated exactly the same with respect to the acquisition of the Warrants;

(d) All holders of AIG common stock, including the Plans, were issued the same proportionate number of Warrants based on the number of shares of AIG common stock held by such shareholder;

(e) The acquisition of the Warrants by the Plans was made in a manner that was consistent with provisions of each such Plan for the individually-directed investment of participant accounts;

(f) The Plans did not pay any fees or commissions in connection with the acquisition of the Warrants;

(g) The Plans did not pay, nor will the Plans pay, any fees or commissions in connection with the holding of the Warrants;

(h) The Plans did not pay, nor will the Plans pay, any brokerage fees or commissions to any broker affiliated with AIG, Chartis, or the Trustees in connection with the sale of the Warrants; and

(i) AIG will provide annual written notices to all participants in the Plans holding Warrants to remind them to sell their Warrants before such Warrants expire on January 19, 2021.

EFFECTIVE DATE: This exemption is effective for the period commencing January 19, 2011 through January 19, 2021.

WRITTEN COMMENTS

In the Notice of Proposed Exemption (the Notice), the Department invited all interested persons to submit written comments and/or requests for a public hearing on the proposed

the Warrants by the Chartis Plan.

exemption within 45 days of the date of the publication of the Notice in the Federal Register on July 22, 2013. All comments and requests for hearing were due by September 5, 2013.

During the comment period, the Department received no requests for a hearing and one written comment, dated September 6, 2013. The comment reflected the commenter's failure to fully understand the Notice. The Department provided an explanation to the commenter by telephone, that was satisfactory to the commenter, and the comment was withdrawn.

Accordingly, after giving full consideration to the entire record, including the comment, the Department has decided to grant the exemption. The complete application file (Application Nos. D-11767, D-11768, and D-11769), and all supplemental submissions received by the Department, are available for public inspection in the Public Disclosure Room of the Employee Benefits Security Administration, Room N-1513, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, DC 20210.

For a more complete statement of the facts and representations supporting the Department's decision to grant this exemption, refer to the Notice published on July 22, 2013, at 78 FR 43938.

FOR FURTHER INFORMATION CONTACT: Mr. Asrar Ahmed of the Department, telephone (202) 693-8557. (This is not a toll-free number.)

GENERAL INFORMATION

The attention of interested persons is directed to the following:

(1) The fact that a transaction is the subject of an exemption under section 408(a) of the Act and/or section 4975(c)(2) of the Code does not relieve a fiduciary or other party in interest or disqualified person from certain other provisions to which the exemption does not apply and the general fiduciary responsibility provisions of section 404 of the Act, which among other things require a fiduciary to discharge his duties respecting the plan solely in the interest of the participants and beneficiaries of the plan and in a prudent fashion in accordance with section 404(a)(1)(B) of the Act; nor does it affect the requirement of section 401(a) of the Code that the plan must operate for the exclusive benefit of the employees of the employer maintaining the plan and their beneficiaries;

(2) This exemption is supplemental to and not in derogation of, any other provisions of the Act and/or the Code, including statutory or administrative exemptions and transactional rules. Furthermore, the fact that a transaction is subject to an administrative or statutory exemption is not dispositive of whether the transaction is in fact a prohibited transaction; and

(3) The availability of this exemption is subject to the express condition that the material facts and representations

contained in the application accurately describes all material terms of the transaction which is the subject of the exemption.

Signed at Washington, D.C., this 31st day of
October, 2013.

Lyssa E. Hall
Director of Exemption
Determinations
Employee Benefits Security
Administration
U.S. DEPARTMENT OF LABOR

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